

Message Text

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ACTION NEA-10

INFO OCT-01 EUR-12 EA-07 ISO-00 AID-05 CIAE-00 EB-08

FRB-03 INR-07 NSAE-00 USIA-06 TRSE-00 XMB-02

OPIC-03 SP-02 LAB-04 SIL-01 OMB-01 NSC-05 SS-15

STR-04 CEA-01 L-03 MMO-01 FEA-01 INT-05 /107 W

-----012151Z 121073 /46

R 290701Z MAR 77

FM USINT BAGHDAD

TO SECSTATE WASHDC 4331

USDOC WASHDC

INFO AMEMBASSY ATHENS

AMEMBASSY AMMAN

AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY CAIRO

AMEMBASSY DAMASCUS

AMEMBASSY JIDDA

AMEMBASSY KUWAIT

AMEMBASSY LONDON

AMEMBASSY MANAMA

AMEMBASSY PARIS

AMEMBASSY TEHRAN

AMEMBASSY TEL AVIV

AMEMBASSY TOKYO

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ATHENS FOR RTDO

E.O. 11652: N/A

TAGS: ECON, ECRP, EFIN, BEXP, BTIO, IZ

SUBJECT: IRAQI 1977 BUDGET AND 1976-80 FIVE-YEAR DEVELOP-
MENT PLAN

REF: BAGHDAD 377 (NOTAL)

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1. IN CONVERSATION WITH USINT EMPLOYEE, SABAH KACHACHI,
COUNSELLER, INDUSTRIAL OFFICE, MINISTRY OF PLANNING, SAID
THAT FIVE-YEAR PLAN WILL BE ISSUED"...IN TWO MONTHS.
IT IS ALWAYS GOING TO BE ISSUED IN TWO MONTHS." HE SAID
GOI PLANS TO CONTINUE TO KEEP LIST OF DEVELOPMENT PROJECTS
SECRET TO PREVENT "EXCITING" CONTRACTORS, WHO MIGHT PAD

PRICES IF THEY THINK PROJECTS WOULD "OVERHEAT" THE IRAQI ECONOMY.

2. CONCERNING THE 1977 BUDGET, HE ACKNOWLEDGED THAT THE GOI, IN EFFECT, HAS TWO BUDGETS; ONE THAT IT OFFICIALLY PUBLISHES AND ANOTHER REFLECTING ACTUAL (PROJECTED) EXPENDITURES AND REVENUES. IN 1977, FOR EXAMPLE, THE GOI ONLY EXPECTS TO SPEND ABOUT 75 PERCENT, OR SIX BILLION DOLLARS, OF THE EIGHT BILLION ALLOCATED IN THE DEVELOPMENT BUDGET. CONCERNING REVENUES, HE VERIFIED THAT THE DEVELOPMENT BUDGET WOULD BE ENTIRELY FINANCED OUT OF OIL REVENUES, AND THAT ALL BUT ABOUT ONE BILLION OF THE FOUR BILLION DOLLARS LISTED AS REVENUES FROM "PROFITS FROM PUBLIC SECTOR COMPANIES" WOULD ALSO COME FROM THE OIL SECTOR. COMMENT: ALTHOUGH KACHACHI GAVE NO FIGURE FOR ANTICIPATED OIL REVENUES IN 1977, SIMPLE ARITHMETIC SUGGESTS AN APPROXIMATE TOTAL OF NINE BILLION DOLLARS --SIX BILLION TO SUPPORT THE DEVELOPMENT BUDGET AND THREE BILLION TO SUPPORT THE ORDINARY BUDGET. END COMMENT.

3. KACHACHI SAID THE 1977 DEVELOPMENT BUDGET CONTAINED NO, REPEAT NO, FUNDS FOR MAJOR NEW PROJECTS IN THE INDUSTRIAL SECTOR AND THAT FUNDS ALLOCATED IN THE DEVELOPMENT BUDGET WERE TO SUPPORT PROJECTS ALREADY UNDERWAY. HE GAVE THE FOLLOWING INFORMATION ABOUT SPECIFIC PROJECTS (NAME OF INTERESTED U.S. FIRM IN PARENTHESES):
-- ALUMINUM SMELTER: (ALCOA) "IN TWO OR THREE YEARS."
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-- PHASE II OF BASRA PETROCHEMICAL COMPLEX: (LUMMUS-THYSEN IS TO BUILD PHASE I) "NOT THIS YEAR."
--SUWAIRA IRON FOUNDRY AND SECOND STEEL MILL: "AFTER 1980."
--IRON-ORE PELLETIZING PLANT: (DRAVO) GOI NEVER SERIOUSLY CONSIDERED THIS PROJECT AND ONLY SOUGHT INFORMATION.
--VEHICLE (GENERAL MOTORS) AND TRACTOR (JOHN DEERE) ASSEMBLY PLANTS: "NOT THIS YEAR."

4. IN CONCLUSION, HE ADDED THAT THE STATE ORGANIZATION FOR INDUSTRIAL DESIGN AND CONSTRUCTION WOULD NO LONGER GIVE TURNKEY CONTRACTS BUT WILL DIVIDE PROJECTS INTO CIVIL CONSTRUCTION, MECHANICAL SUPPLY AND ERECTION, AND SERVICES PORTIONS.

5. DECONTROL UPON RECEIPT.
WILEY

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Message Attributes

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Disposition Approved on Date:
Disposition Case Number: n/a
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Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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